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In the
Supreme Court of the United States.

OCTOBER TERM, 1952.

No. 42.

F. W. WOOLWORTH CO.,
Petitioner,

v.

CONTEMPORARY ARTS, INC.,
Respondent.

BRIEF FOR RESPONDENT.

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**In the
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OCTOBER TERM, 1952.

No. 42

F. W. WOOLWORTH COMPANY,

PETITIONER,

v.

CONTEMPORARY ARTS, INC.,

RESPONDENT.

BRIEF FOR RESPONDENT.

The Court has granted the Petition for Writ of Certiorari in this case "limited to the questions presented by the application of Section 101(b) of Title 17 of the U. S. Code to this case."

I. STATEMENT OF THE CASE.

The copyright involved in this case is an original sculpture and work of art entitled "Cocker Spaniel in Show position", designed in 1942 by Elizabeth Philbrick, who uses the professional name of "Jan Allan". The copyright was duly registered with the Register of Copyrights with deposit of copies, and Certificate No. 39960, Class G. Pub. issued with a publication date of March 26, 1942 (Plf's. Exh. 3, Rp. 252), and was duly assigned to Respondent (Rp. 253). Respondent is a Massachusetts corporation with a place of business in Boston, and is engaged in the

business of designing, manufacturing and selling small sculptured figurines and statuettes. It is a small business, doing \$35,000. gross annually with eight employees (Rp. 110). Their sculptures include dancing and national figures and objects, and authentic dog models, which are sold in art and gift shops and to dog fanciers. Respondent's sculptures are all original designs and great care is taken to make their dog models authentic, realistic and true to type (Rp. 49). Prize winning dogs are studied and dog experts are consulted in creating every dog model. Respondent makes its Cocker Spaniel in Show Position in a red plaster model selling at retail for \$4.00 (Plf's Exh. 5), in red porcelain selling for \$9.00 (Plf's. Exh. 6) and in a fine black and white porcelain selling for \$15.00 (Plf's. Exh. 7). *These three models are one identical sculpture, merely reproduced in different media.* The same sculpture could be cast in metal, if desired. *All models are made from an identical master model.* But different media require different treatments—the porcelain requires glazing for instance—and porcelain shrinks in baking. Porcelain further requires a hard mold, instead of the flexible rubber mold used in making plaster models, and undercuts therefore have to be eliminated to permit removal of the model from its hard mold (Rp. 51-61). Thus, the differences between Respondent's plaster and porcelain models (except for color which, of course, is optional) are due solely to the different techniques and requirements of reproducing in porcelain instead of plaster.

The infringement proved was the sale of ceramic models of Respondent's copyrighted Cocker Spaniel by the Woolworth Company—Plf's. Exh. 1 and Deft's. Exh. A. Respondent's proofs established beyond question that the Woolworth dog was copied directly from one of Respondent's copyrighted dogs by using it as a physical model

(Rp. 61-63; 99; 104-5). The Lepere Pottery Company of Zanesville, Ohio was the manufacturer of the infringing dogs, and had scratched hairlines on the dog's coat in an effort to change its appearance. In casting in ceramic from a hard model, undercutting around the feet had to be removed, and the ceramic model necessarily shrank in baking (Rp. 100-101; 184-191). But otherwise the Petitioner's dogs were identical with Respondent's red plaster model (Plf's. Exh. 5). The Woolworth Company bought 127 dozen of the infringing dogs from the Sabin Mfg. Co. of McKeesport, Pennsylvania which in turn bought them from Lepere Pottery. The Woolworth Company sold the infringing models at \$1.19 retail.

The creation of the original sculpture by Miss Philbrick and its physical copying by the Lepere Pottery Co. was clearly proved, and the validity of the plaintiff's copyright and its infringement could not be disputed.

The only defense was an utterly preposterous story by one Harry Moyer, an employee of the Lepere Pottery Company, that by a remarkable coincidence he himself had created *the identical design* of the Respondent's Cocker Spaniel in Show Position, in 1938, four years earlier than Miss Philbrick. He produced a gray plaster model (Deft's. Exh. F) marked on the bottom "A.M.Co. 1938" and said it was "an exact dog of the one which I made for Burley Pottery in 1938" from an English Cocker Spaniel which had been given to him (Rp. 134). He said he had found the gray plaster model in a cabinet at the Lepere Pottery Co. in the early part of 1950, and that it was there when he became employed by Lepere in 1945. Moyer admitted that he had no sculpturing experience (Rp. 142-152), was not a dog expert, knew nothing about Cocker Spaniels, and that his own English Cocker Spaniel was "very heavy

coated" (Rp. 146) and had never been shown or trimmed for showing purposes. But Miss Philbrick had testified that her own Cocker Spaniel was her effort to create "an ideal *American Cocker Spaniel*", her dog was shown in show position and had been trimmed for showing. The "A.M.Co. 1938" was never explained. Moyer's oral testimony was wholly uncorroborated. Petitioner's gray plaster model (Deft's. Exh. F) however, *is identical in measurement, in length, width and height of head, body, legs and tail and in conformation of hair with plaintiff's plaster model* (Plf's. Exh. 5) as Miss Philbrick showed *when she applied her calipers to the two models* (Rp. 188). Such identity in the minutest detail could not possibly be a coincidence. Petitioner's gray plaster model (Deft's. Exh. F) was obviously copied directly from one of plaintiff's plaster models, such as Plf's. Exh. 5, with hairlines added to avoid the appearance of infringement (Rp. 184-192). The District Court refused to give the Moyer testimony any credence whatever (Opinion Rp. 22-24). The testimony was of course an insult to the Court's intelligence and Moyer was exceedingly fortunate to avoid being held for perjury. The situation was exactly the same as if the copyrighted work had been a travel book, and the defendant contended that by a coincidence he had written the same travel book earlier than the plaintiff, and produced an earlier dated manuscript *identical to the last word* in support of his defense, but had never visited the country in question, and the defense was otherwise wholly uncorroborated.

Moyer's testimony further conflicted with previous statements as to the origin of the infringing Woolworth model (Plf's. Exh. 1) appearing in the letter of the Sabin Company to the Woolworth Company dated October 31, 1949 (Plf's. Exh. 15; Rp. 255) which stated:

"In regard to your recent letter, I am sorry this was not answered sooner, but I have checked quite thoroughly into the matter. We have purchased these molds from a pottery who has been making this dog since 1936.

"Please be advised that he states this was copied from a glass dog made in England. However, he is trying to find the original of this dog and up to the present writing, we have been unable to secure this sample. However, we would like to know when this copyright was put into effect."

No evidence was produced supporting these conflicting statements. But the letter shows that Lepere and Sabin had entirely changed their story in the meantime.

Moyer further testified that he had registered his own copyright on the infringing dog on February 11, 1950 (Rp. 38-39; 155-157). Yet it was asserted that the Lepere Pottery had been selling the infringing models since January 1948 and Sabin Mfg. Co. had sold them to Woolworth in March, April and May 1949, *all without notice of copyright*. (Rp. 134-135, 139; 152-3). It is elementary law of course that any copyrightable work publicly sold without notice of copyright is abandoned to the public and copyright protection cannot thereafter be secured.* Moyer thus

* *Universal Film Mfg. Co. v. Copperman*, 212 F. 301 (D.C.S. D.N.Y. 1914); *aff.* 218 F. 577 (C.C.A. 2, 1914);

Fleischer Studios Inc. v. Ralph A. Freudlich, Inc., 73 F. (2d) 276, at 277 (C.C.A. 2, 1934);

Smith v. Bartlett, 18 F. Supp. 35 at 37 (D.C.D. Me. 1937);

Wildman v. New York Times Co., 42 F. Supp. 412 at 414-415 (D.C.S. D.N.Y. 1941).

Compare:

American Code Co. v. Bensinger, 282 F. 829, 833 (C.C.A. 2, 1922);

Ferris v. Frohman, 223 U.S. 424 at 431, 437 (1911);

Walters v. Lane, L.R. (1900) A.C. 539.

in addition, defrauded the Copyright Office in registering his own copyright on February 11, 1950 and in concealing the fact of the previous sale of his models without notice of copyright from the Copyright Office.

We ask the Court to note that the Woolworth Company has an indemnity agreement with the Sabin Company. Sabin wrote Woolworth (Rp. 256):

"We will go along with you and assume all cost regarding any damage or expense connected therewith."

We further ask the Court to note that Respondent actually suffered *actual damages* from the Woolworth piracy far in excess of \$5000, as Respondent sought to show against the objection of Petitioner's counsel (Fox Rp. 112-121; and Colloquy Rp. 244-249). The Cocker Spaniel was Respondent's largest selling dog and its sales were killed by the Woolworth piracy. Dealers cancelled their orders for Respondent's dog line.

As Mr. Fox testified (Rp. 118):

"We lost two of our big shops out there (Chicago) with the general complaint of copying".

Respondent was then compelled to design a new Cocker (Plf's. Exh. 12) to replace the pirated dog. But even Petitioner admitted the justification for an award of \$5000. statutory damages (Rp. 120):

"The Court: If you establish this was an infringement of copyright, it is inescapably clear there is enough evidence in this case upon which to predicate damage up to \$5000. I don't think Mr. Barnes disagrees with that, do you?

Mr. Barnes: No, your Honor."

But Respondent admittedly was unable to prove its actual damages, from lost sales and the like, with the certainty required by law (see Rpp. 114, 120) and consequently was forced to invoke the Statutory Damage provision of the Copyright Act (Title 17, U.S.C. Sec. 101(b)—which allows the trial Court, *in lieu of actual damages and profits* and in its discretion, to award statutory damages from \$250. to \$5000. at the rate of \$10. per infringing copy (in the case of sculptures and works of art).

Petitioner did not prove its profits. It merely showed that it had bought 1524 of the infringing models, at a cost of 60 cents each and had sold them for \$1.19 each. Petitioner made no effort to prove its selling costs and hence its net profits, which at most would have been about 2% of gross sales. On the facts stated and in its discretion the District Court awarded the plaintiff \$5000. statutory damages (Opinion Rp. 24-25). The District Court also awarded Respondent an attorney's fee of \$2000. cutting Respondent's requested fee of \$3945 (263 hours spent at \$15.00 per hour) approximately in half.

On appeal the Court of Appeals for the First Circuit affirmed the judgment of the District Court and granted Respondent an additional \$500. attorney's fee in the Court of Appeals.

II. THE AMOUNT OF STATUTORY DAMAGES TO BE AWARDED UNDER SECTION 101(b) OF TITLE 17 OF THE U.S. CODE WITHIN THE LIMITS PROVIDED THEREIN IS PURELY DISCRETIONARY. THE \$5000 DAMAGES AWARDED BY THE DISTRICT COURT BEING WITHIN THOSE LIMITS, THERE WAS NO ABUSE OF THE DISTRICT COURT'S DISCRETION IN AWARDING THOSE DAMAGES IN THIS CASE INVOLVING THE SALE OF INFRINGING COPIES OF THE NATURE AND NUMBER HERE SHOWN. THAT PETITIONER MIGHT HAVE PROVED A SMALL AMOUNT OF ACTUAL PROFITS WHICH IT WOULD HAVE BEEN WILLING TO PAY IS IMMATERIAL.

Petitioner contends that the decision below construes the "in lieu" clause of Sec. 101(b) of the Copyright Act in conflict with a decision of the Court of Appeals for the Second Circuit and in probable conflict with decisions of this Court and other Federal Courts. We respectfully submit that the decision below properly construes the "in lieu" clause of Sec. 101(b) in the light of the express language of the statute; the decisions of this Court and other Courts, and the intent and purpose of Congress in writing the statutory damages provision into the Copyright Act, as shown by the history of remedies for copyright infringement in both England and the United States, and by its legislative history.

A. *The Statute.*

The damages section of the Copyright Act (formerly Sec. 25(b), and now Title 17, U.S.C. Sec. 101(b) so far as here material reads:

“(b) Damages and profits; amount; other remedies.

“To pay to the copyright proprietor such damages as the copyright proprietor may have suffered due to the infringement, as well as all the profits which the infringer shall have made from such infringement, and in proving profits the plaintiff shall be required to prove sales only, and the defendant shall be required to prove every element of cost which he claims, or in lieu of actual damages and profits, such damages as to the court shall appear to be just, and in assessing such damages the court may, in its discretion, allow the amounts as hereinafter stated . . . and such damages shall in no other case exceed the sum of \$5,000. nor be less than the sum of \$250. and shall not be regarded as a penalty”

The language of the Statute is clear and express: The copyright proprietor may recover such actual damages as he “may have suffered due to the infringement, as well as all the profits which the infringer shall have made from such infringement” . . . “or in lieu of actual damages and profits, such damages as to the Court shall appear to be just, and in assessing such damages the Court may, in its discretion, allow the amounts as hereinafter stated, . . . and such damages . . . shall not be regarded as a penalty.”

Congress thus gave the District Court entire discretion in allowing the copyright proprietor *either actual provable damages and actual provable profits, or statutory damages within the amounts stated*—in an effort to provide an adequate and effective remedy against piracy and willful infringement and to discourage the very contempt of the copyright laws and the courts which Petitioner displays in the present case. And such statutory damages are not to be construed as a penalty.

It was just for such a case as this that Congress in revising the Copyright Act in 1909 added the statutory damage provision. It had been found that *actual damages and profits* were exceedingly difficult to prove in copyright cases and were frequently grossly inadequate, and that the previous Copyright Act was ineffective in preventing piracy of copyrighted works. Here there has been a flagrant piracy of Respondent's copyrighted work, with no bona fide defense. But Petitioner has compelled Respondent to bring suit and has put up a preposterous defense based on perjured testimony. Petitioner's evident purpose is to cause Respondent so much expense that it will never again try to protect its copyrighted designs from Petitioner's piracy.

B. *The Decisions.*

The leading case construing Section 25 (b) now 101(b) of Title 17 U.S.C., is *Douglas v. Cunningham*, 294 U.S. 207 (1935). There, in a copyright infringement suit, 384,000 copies of a Sunday edition of the Boston Post including the infringing story had been published. The plaintiff admitted its inability to prove actual damages, and the District Court (Judge Lowell) awarded maximum statutory damages of \$5000, at the rate of \$1 per infringing copy up to 5000 copies, and an attorney's fee. The Court of Appeals reversed in 72 F. (2d) 536 (Judge Bingham dissenting), holding that, where no actual damages were proved, the Court could award only the minimum statutory damages of \$250. The Supreme Court granted certiorari and reversed the Court of Appeals, restoring the award of \$5000 maximum damages. Mr. Justice Roberts said as to Section 25(b) (pp. 209-210):

"The phraseology of the section was adopted to avoid the strictness of construction incident to a law

imposing penalties, and to give the owner of a copyright some recompense for injury³ done him, in a case where the rules of law render *difficult or impossible proof of damages or discovery of profits.** In this respect the old law was unsatisfactory. In many cases plaintiffs, though proving infringement, were able to recover only nominal damages, in spite of the fact that preparation and trial of the case imposed substantial expense and inconvenience. *The ineffectiveness of the remedy encouraged wilful and deliberate infringement.*

"... As the *Westermann* case shows, the law commits to the trier of facts, within the named limits, discretion to apply the measure furnished by the statute provided he awards no more than \$5000. He need not award \$1 for each copy, but, if upon consideration of the circumstances he determines that he should do so, his action can not be said to be unjust. In other words, the employment of the statutory yardstick, within set limits, is committed solely to the court which hears the case, and this fact takes the matter out of the ordinary rule with respect to abuse of discretion. This construction is required by the language and the purpose of the statute."

In *L. A. Westermann Co. v. Dispatch-Printing Co.*, 249 U.S. 100 (1919), the Court had under consideration the meaning of Section 25, and the amount of damages allowable "in lieu of actual damages and profits." The copyrights were for pictorial illustrations of styles in women's apparel. Mr. Justice Van Devanter said (pp. 106, 107):

*Italics ours throughout this Brief.

“On the question of the amount of damages to be awarded for each case we are in accord with the Circuit Court of Appeals. Both parties recognize that under the proofs the damages must be assessed under the alternative provision requiring the infringer, in lieu of actual damages and profits, to pay such damages as to the court shall appear to be just, etc. The fact that these damages are to be ‘in lieu of actual damages’ shows that something other than actual damages is intended—that another measure is to be applied in making the assessment. *There is no uncertainty* as to what that measure is or as to its limitations. The statute says, first, that the damages are to be such as to the court shall appear to be just; next, that the court may, in its discretion, allow the amounts named in the appended schedule, and finally, that in no case shall they be more than \$5,000 nor less than \$250, . . . In other words, the court’s conception of what is just in the particular case, considering the nature of the copyright, the circumstances of the infringement and the like, is made the measure of the damages to be paid, but with the express qualification that in every case the assessment must be within the prescribed limitations, that is to say, neither more than the maximum nor less than the minimum. Within these limitations the court’s discretion and sense of justice are controlling, but it has no discretion when proceeding under this provision to go outside of them.

“Apart from the natural import of its words, the history of the provision makes strongly for this view. . . . In 1909, when the copyright statutes were revised, these provisions, and others without present bearing, were brought together in the ‘in lieu’ provision now under consideration. True, they were broadened

so as to include other copyrights and the limitations were changed in amount, but the principle on which they proceeded—that of committing the amount of damages to be recovered to the court's discretion and sense of justice, subject to prescribed limitations—was retained. The new provision, like one of the old, says the damages shall be such 'as to the court shall appear to be just.' Like both the old, it prescribes a minimum limitation and, like one, a maximum limitation."

In *Jewell-LaSalle Realty Co. v. Buck*, 283 U.S. 202 (1931), the Court again had before it the "in lieu of" clause of Section 25, there being no proof of actual damages. There the copyright covered a musical composition and the amounts allowable as damages under paragraph 4th, of Section 25(b) were in question. Certain questions were certified from the Circuit Court of Appeals for the Eighth Circuit:

"*Question II.* 'In a case disclosing infringement of a copyright covering a musical composition, *there being no proof of actual damages*, is the court bound by the minimum amount of \$250 set out in the so-called "no other case" clause of Section 25(b) . . . , reading, "and such damages shall in no other case exceed the sum of \$5,000 nor be less than the sum of \$250, and shall not be regarded as a penalty?"' "

Mr. Justice Brandeis said (pp. 207, 208):

"The definite specification of a maximum and minimum in every case is not contradicted in any way by these legislative suggestions as to what may be deemed

reasonable allowances in cases falling within the prescribed limitations. See *Westermann v. Dispatch Printing Co.*, 249 U. S. 100, 106, 109: [63 L. Ed. 499, 502, 503, 39 S.Ct. 194] If, as applied to musical compositions, the provisions of the entire section have proved unreasonable, the remedy lies with Congress. Question II is answered in the affirmative."

Question III was as follows:

"Is section 25 (b) Fourth of the Copyright Act (17 U.S.C. [title 17,] Sec. 25) applicable, in the discretion of the Court, to a case disclosing infringement of copyright covering a musical composition, *there being no proof of actual damage?*"

Mr. Justice Brandeis said (p. 208):

"This question has in part been necessarily answered by our discussion of question II, for unless the number of infringing performances of a copyrighted musical composition exceeds twenty-five, *the minimum allowance of \$250 must be made*. Where more than twenty-five infringing performances are proved, and there is no showing as to actual loss, the court must allow the statutory minimum, and may, in its sound discretion, employ the scheduled ten dollars a performance as a basis for assessing additional damages. See *Westermann v. Dispatch Printing Co.*, 249 U. S. 100, 106. [63 L. ed. 499, 502, 39 S. Ct. 194.] Subject to this limitation, question III is answered in the affirmative."

In the meantime Sec. 101(b) has been liberally construed by the lower courts in the manner intended by Congress,

to give the District Court complete discretion to award actual provable damages and actual provable profits, or where these are difficult to prove or are inadequate, and in lieu thereof, to award statutory damages.

See:

S. E. Hendricks Co. v. Thomas Publishing Co., 242 F. 37 (C.C.A. 2, 1917) where the Court of Appeals upheld the award of \$2500, statutory damages for 2800 copies of an infringing book as within the discretion of the District Court. Judge Heugh there said (p. 41):

"As is well known, the language of this section is a growth of years resulting from the efforts of Congress to avoid that strictness of construction which historically attaches to any statute inflicting penalties, and to confer upon an injured copyright owner some pecuniary solace, even when the rules of law render it difficult, if not impossible (as it often is), to prove damages or discover profits.

"That keeping plaintiff out of a possible market for 2,800 copies of its own publication, by the issuance of a book competitive in every sense of the word, works some considerable injury, is a matter too plain to require more than statement. *That assessment of damages or ascertainment of profits under the facts hereinabove recited would be not only difficult but expensive is similarly obvious.* We entertain no doubt that it was the intention of Congress (1) to preserve the right of a plaintiff to pursue damages and profits by the historic methods of equity if he chooses so to do; and (2) to give the new right of application to the court for such damages as shall 'appear to be just', in lieu of actual damages.

"... in the present cause experience informs the court that \$250. would not and could not compensate plaintiff for a damage obvious, but difficult of exact admeasurement. It covers the matter in hand to repeat what we held in the *Mail & Express Case*, supra, that, where obvious and substantial pecuniary injury has been wrought, \$250 is the minimum award, and to approve the above-quoted language of Hand, J. *that the intent of the statute* (under circumstances such as the present) *was to authorize the court to estimate the damages within the statutory limits, without being bound to or by legal proof.*"

Johns & Johns Printing Co. v. Paull-Pioneer Music Corp., 102 F. (2d) 282 at 283-4 (C.C.A. 8, 1939) where the Court of Appeals affirmed the award of \$250. statutory damages for printing the lyrics of plaintiff's copyrighted songs, where defendant admitted actual net profit from the infringement of \$5.10.

Toksvig v. Bruce Publishing Co., 181 F. (2d) 664 at 667-8 (C.A. 7, 1950), where the Court upheld an award of \$1000. statutory damages even though the evidence disclosed that the defendant Bruce had sold 14,262 copies of the infringing book at a net profit of 5 to 10 cents per book.

Adventures in Good Eating v. Best Places to Eat, Inc., 131 F. (2d) 809 (C.A. 7, 1942) where the Court upheld an award of \$3500. statutory damages for 3500 copies of the infringing book, which defendant had sold at 50 cents per copy, and obviously at a profit.

General Drafting Co. v. Andrews, 37 F. (2d) 54 (C.C.A. 2, 1930), a map case, where the Court upheld an award of

\$2000. statutory damages. 5000 copies of the infringing map had been sold at a profit, but plaintiff waived an accounting and it did not appear that plaintiff's business was materially injured.

Widenski v. Shapiro, Bernstein & Co., Inc., 147 F. (2d) 909 at 911-12 (C.A. 1, 1945) where the Court upheld an award of \$250. statutory damages for infringement of a musical copyright. The plaintiff had an established license fee of \$10. per month or \$90. annually, and defendant argued that the loss of this royalty was *actual provable damages, provable with mathematical certainty*, and that the plaintiff could recover no more. But the Court of Appeals held it was inadequate damages and that the District Court in its discretion had properly awarded statutory damages.

Hartfield v. Peterson, 91 F. (2d) 998 (C.C.A. 2, 1937) where the Court of Appeals affirmed an award of \$5000. statutory damages for infringement of a copyrighted cable and telegraphic code, which defendant had obviously sold at a profit.

Campbell v. Wireback, 269 F. 372 at 375-6 (C.C.A. 4, 1920) where the Court of Appeals upheld an award of \$4000. statutory damages for 4000 infringing copies of advertising cuts of orthopedic devices, which defendant had copied from plaintiff at an obvious saving to the defendant.

No-Leak-O-Piston Ring Co. v. Norris, 277 F. 951, at 954 (C.C.A. 4, 1921) where the Court of Appeals upheld the award of \$3000 statutory damages for distribution of 15000 copies of an infringing pamphlet, containing information as to piston rings, which defendant had copied from the plaintiff at an obvious saving to the defendant.

Schellberg v. Empringham, 36 F. 2d. 991 at 996 (D.C.S.D. New York 1929) where the District Court (Judge Knox) in a case involving a copyrighted book where plaintiff's damages were difficult to prove awarded statutory damages of \$8000. for two editions of 4000 copies each of the infringing book, plus an attorney's fee of \$2500.

In *Warren v. White & Wyckoff Mfg. Co.*, 39 F. (2d) 922 (D.C. S.D. N.Y. 1930), Judge Hutcheson (of the 5th Circuit) awarded \$1000 statutory damages, saying (p. 923):

"As a result of this unaccountable and inexcusable copying, plaintiff has found it necessary to institute this suit to bring the defendant to book, and it seems to me that, the defendant having led the plaintiff a dance over the matter it, and not the plaintiff, ought to be made to pay the fiddlers and the scot.

"Notwithstanding then that the amount of copying is comparatively small, and that plaintiff has made no proof of actual damage, I am of the opinion that a proper award under the circumstances would be statutory damages of \$1000. together with all costs, and \$1000. as attorney's fees."

C. *Brief History of Principal Copyright Legislation in England and the United States, as relates to Remedies for Infringement.*

1. *England*

Questions relating to copyright in literary works became important only after the invention of printing by Gutenberg in Germany about 1452, and the introduction of that art into England by Caxton about 1474.

The earliest copyright protection took the form of printers' licenses granted by the Crown and no books could

be printed without a Royal grant. In 1556 the Stationers' Company, of printers and book sellers, was chartered by Phillip and Mary, the declared purpose of which was to prevent the propagation of the Protestant Reformation, and by decrees of the Star Chamber the Stationers' Company was given the exclusive right of printing books, and all other printing was prohibited. When the Star Chamber was abolished in 1640, the Licensing Act of 1662 (13 & 14 Car. 2 c.33) again prohibited the printing of any book unless licensed and entered in the register of the Stationers' Company. The act further prohibited any person from printing or importing, without the consent of the owner any book thus registered—thus recognizing the sole property of the author or owner to publish his book. The penalty for piracy was forfeiture of the offending books and 6 shillings and 8 pence for each copy, one-half to the King and one-half to the owner.

The Licensing Act expired in 1679, and for many years the Stationers' Company protected their own books by ordinances applicable to their members alone. Piracy flourished outside, however.* Common law remedies for damages or an injunction were not regarded as adequate, and constant efforts were made to secure statutory protection for copyrights. In a Petition for a Bill to protect copyright, presented in 1709, it was stated:

“The liberty now set on foot of breaking through this ancient and reasonable usage is in no way to be effectually restrained but by an Act of Parliament. For by common law, a bookseller can recover no more costs than he can prove damage; but it is impossible for him to prove the tenth, nay, perhaps, the hundredth part of the damage he suffers; because a thousand counterfeit copies may be dispensed into as many hands

all over the kingdom, and he may not be able to prove the sale of them. Besides, the defendant is always a pauper, and so the plaintiff must lose his costs of suit. (No man of substance has been known to offend in this particular, nor will any ever appear in it). Therefore, the only remedy by the common law is to confine a beggar to the rules of the King's Bench or Fleet, and then he will continue the evil practice with impunity. *We therefore pray that confiscation of counterfeit copies be one of the penalties to be inflicted on offenders.*" (4 Burr. 2318)

1. Statute of 8 Anne c.19 (1709) was the first Copyright Act. The Act gave the author of a book already printed the sole right and liberty of printing it for the term of 21 years after April 10, 1710, and the author of any book thereafter composed the sole right to continue the printing for 14 years, and provided the following penalty:

"that if any other Bookseller, Printer, or other Person whatsoever . . . shall print, reprint, or import . . . any such Book or Books without the Consent of the Proprietor . . . then such offender shall forfeit such Book or Books, and all and every Sheet or Sheets, being part of such Book or Books, to the Proprietor . . . of the Copy thereof, who shall forthwith Damask and make Waste Paper of them; and further, that every such Offender or Offenders shall forfeit One Penny for every Sheet which shall be found in his, her, or their custody, either printed or printing, published or exposed to Sale, contrary to the true Intent and Meaning of this Act; the One Moiety thereof to the Queen's Most Excellent Majesty, and the other Moiety thereof to any Person or Persons that shall sue for the same; to be

recovered in any of Her Majesty's Courts of Record at Westminster by Action of Debt, Bill, Plaint or Information "

While the Statute of 8 Anne and later Acts limited relief to a penalty which could be recovered even by a common informer, it was held that the common law afforded the copyright owner an action for damages, and an injunction, in aid of the statutory right. See:

Beckford v. Hood, 7 T.R. 620 at 627 (K.B. 1798).

Roworth v. Wilkes, 1 Camp. 94 at 98 (K.B. 1807).

Colburn v. Simms, 2 Hare 543 at 559 (Ch. 1843).

Codell v. Robertson, 5 Paton Appeal Cas. 493.

Novello v. Sudlow, 12 C.B. 177, 74 E.C.L. 177. (C.P. 1852).

Cambridge University v. Bryer, 16 East 317. (K.B. 1812).

2. 1734—Engraving Copyright Act (8 George 2 c.13) extended copyright protection to historical or other prints, and imposed upon an infringer the penalty of forfeiture of the plates and sheets upon which the prints were copied, together with 5 shillings for every print found in his custody, one-half to the King and one-half to the person suing.

3. 1777—Prints Copyright Act (17 George 3 c.57) amended the previous Act to give the copyright proprietor *a special action on the case to recover damages and double costs.*

4. 1801—Statute of 41 George 3, c.107 amended the Statute of 8 Anne to give the proprietor of a copyright in a book a special action on the case for *damages*, in addition to the previous penalty of forfeiture.

5. 1814—The Statute of 54 George 3 c.56 extended copyright protection to sculptures, and gave the sculptor a special action on the case to recover *damages*.

6. 1814—The Statute of 54 George 3 c.156 amended the Statute of 8 Anne by increasing copyright protection for books to 28 years, and gave the copyright owner a special action on the case for *damages*, and an action for forfeiture of the books and the sum of 3 pence for every sheet printed, one-half to the King and one-half to the person suing.

7. 1833—The Dramatic Copyright Act (3 and 4 William 4, c.15) gave the author of any drama the sole right of performing it, and by Sec. 2 made the infringer

“liable for each and every such representation to the payment of an amount not less than 40 shillings, *or* the full amount of the benefit or advantage from the performance, *or* the loss or injury sustained by the plaintiff, whichever shall be the greater damages to the author”,—

together with double costs. This was the first provision in the English Copyright Law for *statutory damages* and it was coupled with an alternative right to recover plaintiff's *actual damages*, or the defendant's *profits* —“whichever shall be the greater damages to the author”. The provision was held to be remedial and not penal in *Adams v. Bally* 18 Q.B.D. 625 (1887). Day, J. said (p. 628):

“It is scarcely ever possible for the owner of the sole dramatic representation to prove by evidence the precise amount of the damage he has suffered, and therefore the statute has reasonably provided various measures of damages *any one of which he may adopt*.

If he cannot prove the actual damage he has suffered, he may prove the amount of profit which the offender has made and recover that as damages; and, if he cannot prove that, he may say that his damages are 40 shillings, and recover that amount. I am of the opinion that this sum of 40 shillings is not a penalty."

And on appeal Lord Esher M.R. said (P. 629-630):

"I think it is clear that this payment is treated in the Act as a payment by way of damages and not by way of penalty. It is imposed not as a punishment upon the defendant, but as compensation to the plaintiff."

See also:

Chatterton v. Cave, 3 App. Cas. 482, 492 (discussed in *Brady v. Daly*, 175 U.S. 148 at 157 (1899)).

8. 1842—The Literary Copyright Act (5 and 6 Vict. c.45) repealed the statute of 8 Anne and amending Acts, made the period of copyright protection for books the life of the author and seven years thereafter, with a minimum of 42 years, and extended copyright protection to music. The Act gave the copyright proprietor *an action for damages* by special action on the case, and the right to seize the infringing books by an action of detinue, or to recover their value by an action of trover. Imported infringing books were also subject to forfeiture and the importer made subject to forfeit 10 pounds and double the value of every book imported. In *Cooper v. Whittingham* 15 Ch. D. 501 (1880) it was held that the plaintiff was also entitled to an injunction against selling.

This Act gave the same remedies for infringing musical performances which had been granted by the Dramatic

Copyright Act of 1833 (above). But by the Act of 1888 (51 and 52 Vict. c. 17) the penalty or damages to be awarded for unauthorized performance of a musical composition was changed and made such sum "as shall, *in the discretion of the court or judge before whom such action . . . shall be tried, be reasonable*, and the court or judge . . . may award a less sum than 40 shillings, . . . or a nominal penalty, or nominal damages, *as the justice of the case may require*".

9. 1862—The Fine Arts Copyright Act (25 and 26 Vict. c. 68) extended copyright protection to paintings, drawings and photographs, and made the infringer subject to forfeit to the copyright proprietor a sum not exceeding 10 pounds and all copies of the infringing work, and in addition the copyright proprietor could recover *damages* by special action on the case, seize the infringing copies, and recover damages for their retention or conversion. In *Carlton Illustrators v. Coleman & Co.* (1911) 1 K.B. 771 at 782 it was held that the plaintiff was also entitled to an injunction.

10. 1911—The present Copyright Act (1 and 2 George 5, c. 46) repealed existing copyright legislation with minor exceptions and embodied all copyright protection in one comprehensive Act. Penalties were abandoned. The owner of copyright is given the right to an injunction, damages for infringement, and an account (of profits)—(Sec. 6). All infringing copies of a work are deemed to be the property of a copyright owner who in addition can seize the copies or recover damages for their retention or conversion (Sec. 7). By Sec. 11 wilfull infringement is also made a criminal offense, the offender to be subject to a fine of 40 shillings for every copy dealt with, but not exceeding 50 pounds, and for subsequent offenses to imprisonment for not more than two months.

2. The United States

1. Copyright legislation in the United States began with State Copyright Acts, enacted pursuant to a recommendation of Congress in 1783. All were based on the English Statute of 8 Anne (1709). The Massachusetts Act of March 17, 1783 is typical. Its preamble stated:

"Whereas, the improvement of knowledge, the progress of civilization, the public weal of the community, and the advancement of human happiness greatly depend on the efforts of learned and ingenious persons, in the various arts and sciences; as the principal encouragement such persons can have, to make great and beneficial exertions of this nature, must exist in the legal security of the fruits of their study and industry to themselves; and as such security is one of the natural rights of all men, there being no property more peculiarly a man's own than that which is produced by the labor of his mind; therefore, to encourage learned and ingenious persons to write useful books for the benefit of mankind, be it enacted," etc.

The statute provided that, the offender

"shall forfeit and pay a sum not exceeding Three Thousand Pounds, nor less than Five Pounds to the use of such Author . . . , to be recovered by action of Debt in any Court of Record proper to try the same."
(1 Law Mass. 94)

Similar copyright acts were passed by all the thirteen original states except Delaware.

2. After the adoption of the Federal Constitution, the first Congress, by Act of May 31, 1790 c. XIV. enacted the first Federal Copyright Act. It is based upon and is practically a copy of the English Statute of 8 Anne (1709). It gave the author of any map, chart or book the sole right and liberty of printing, reprinting, publishing and vending such map, chart, or book for a term of 14 years. Sec. 2 provided the penalty, that

“Such offender or offenders shall forfeit all and every copy and copies of such map, chart, book or books, and all and every sheet and sheets, being part of the same, ... to the author or proprietor of such map, chart, book or books, who shall forthwith destroy the same. And every such offender and offenders shall also forfeit and pay the sum of fifty cents for every sheet which shall be found in his or their possession, either printed or printing, published, imported or exposed for sale, contrary to the true intent and meaning of this act, the one moiety thereof to the author or proprietor of such map, chart, book or books who shall sue for the same, and the other moiety thereof to and for the use of the United States, to be recovered by action of debt in any court of record in the United States, wherein the same is cognizable.”

This remedy, of course, was strictly a penalty.

By Sec. 6 any person who should print or publish any *manuscript* without the consent and approbation of the author or proprietor was made liable “to suffer and pay to said author or proprietor *all damages* occasioned by such injury, to be recovered by a special action on the case, founded upon this act, in any court having cognizance thereof.

3. The Act of April 29, 1802 extended copyright protection to prints, cuts and engravings. The remedies provided were penalties similar to those provided in the previous Copyright Act of 1790.

4. The Act of Feb. 15, 1819 (3 Stat. at page 481) extended the jurisdiction of the Circuit Courts of the United States to cases arising under the patent and copyright laws, and specifically authorized the courts to grant injunctions, according to the course and principles of courts of equity, to prevent the violation of the rights of any authors or inventors, secured to them by any laws of the United States, on such terms and conditions as the said courts may deem fit and reasonable". Under this Act recovery of *profits* was allowed in equity in both patent and copyright cases as appropriate equitable relief incident to a decree for an injunction (without specific statutory provision therefor). See:

Stevens v. Gladding, 17 How. 447 at 455 (1854).

Sheldon v. Metro-Goldwyn Pictures Corp. 309 U.S. 390 at 399 (1940).

Falk v. Gast Lithographing Co., 54 Fed. 890 at 894 (C.C.A. 2, 1893).

Dam v. Kirk La Shelle Co., 175 F. 902, 908-9 (C.C.A. 2, 1910).

Hartford Printing Co. v. Hartford Directory Co., 146 F. 332 at 336, (C.C.D. Conn. 1906).

5. The Act of February 3, 1831 repealed the previous Copyright Acts and gave copyright protection to books, maps, charts, musical compositions, prints and engravings for a term of 28 years, with the right of renewal for 14 more years. The remedy provided for the infringement of books (Sec. 6) was forfeiture of the infringing copies to the

copyright owner, and 50¢ for every infringing sheet found in the infringer's possession, one-half to the copyright owner and one-half to the United States, to be recovered by an action of debt. This section being penal was strictly construed—*Backus v. Gould*, 7 How. 798 at 811 (1849). The remedy for infringement of prints, cuts, engravings, maps, charts or musical compositions was forfeiture of the plates and of every infringing sheet to the copyright proprietor, and one dollar for every infringing sheet found in the infringer's possession, or printed or exposed for sale, one-half to the copyright proprietor, and one-half to the United States. Any person wrongfully publishing a manuscript was also made liable to pay all damages occasioned by the injury, to be recovered by special action on the case, and to an injunction.

6. The Act of August 18, 1856 (c. CLXIX) extended copyright protection to the author of any drama, giving to the author the sole right of performing it. The infringer was made liable for damages to be recovered by action on the case with costs of suit—

“such damages in all cases to be rated and assessed at such sum not less than One hundred dollars for the first, and Fifty dollars for every subsequent performance as to the Court having cognizance thereof shall appear to be just,” Provided, nevertheless, That nothing herein enacted shall . . . restrict in any way the right of such author to process in equity in any Court of the United States for the better nad further enforcement of his rights.”

This is the first provision in a United States Copyright Act for *statutory damages*, and is obviously based on the

English statute of 3 and 4 William 4c. 15 (1833) referred to above.

This same provision (which became R.S. 4966) was construed by this Court in *Brady v. Daly*, 175 U.S. 148 (1899). The plaintiff there sued to recover damages generally, placed at \$13,700 as discovered in a previous suit in equity, under RS4966. The District Court gave judgment to the plaintiff for *statutory damages* of \$6300. for 126 performances at \$50. for each performance within the two year statute of limitations. The Court of Appeals for the Second Circuit affirmed, and this Court affirmed on writ of error. *This Court held that the remedy granted by RS4966 was remedial and not penal.* Mr. Justice Peckham said of RS4966 (and the similar provisions in the Acts of 1870 and 1856) (p. 154-5):

“These statutes, it will be perceived, all use the word ‘damages’ when referring to the wrongful production of a dramatic composition. No word of forfeiture or penalty is to be found in them on that subject. *It is evident that in many cases it would be quite difficult to prove the exact amount of damages which the proprietor of a copyrighted dramatic composition suffered by reason of its unlawful production by another, and yet it is also evident that the statute seeks to provide a remedy for such a wrong, and to grant to the proprietor the right to recover the damages which he has sustained therefrom.*

The idea of the punishment of the wrongdoer is not so much suggested by the language used in the statute as is a desire to provide for the recovery by the proprietor of full compensation from the wrongdoer for the damages such proprietor has sustained from the wrongful act of the latter. *In the face of the difficulty*

of determining the amount of such damage in all cases, the statute provides a minimum sum for a recovery in any case, leaving it open for a larger recovery upon proof of greater damage in those cases where such proof can be made. The statute itself does not speak of punishment or penalties, but refers entirely to damages suffered by the wrongful act. The person wrongfully performing or representing a dramatic composition is, in the words of the statute, 'liable for damages therefor.' This means all the damages that are the direct result of his wrongful act. The further provision in the statute, that those damages shall be at least a certain sum named in the statute itself, does not change the character of the statute and render it a penal instead of a remedial one. The whole recovery is given to the proprietor, and the statute does not provide for a recovery by any other person in case the proprietor himself neglects to sue. It has nothing in the nature of a qui tam action about it, and we think it provides for the recovery of neither a penalty nor a forfeiture."

(p. 156-157):

"Where the statute provides in terms, as the one before us does, for a recovery of damages for an act which violates the rights of the plaintiff and gives the right of action solely to him, the fact that it also provides that such damages shall not be less than a certain sum, and may be more, if proved, does not, as we think, transform it into a penal statute."

"Although punishment, in a certain and very limited sense, may be the result of the statute before us so far as the wrongdoer is concerned, yet we think it clear

such is not its chief purpose, which is the award of damages to the party who had sustained them, and the minimum amount appears to us to have been fixed because of the inherent difficulty of always proving by satisfactory evidence what the amount is which has been actually sustained."

7. The Act of July 8, 1870 (Ch. CCXXX) (and Revised Statutes Sec. 4956-4971) made a general revision of the copyright laws, repealing all existing laws but protecting the same works previously protected, and extending copyright protection to paintings, drawings, chromos, statutes, statuary, and models and designs intended to be perfected as works of the fine arts. The Copyright Act of 1870 shortly thereafter (1874) became incorporated with minor changes into the Revised Statutes, as Sections 4956-4971, and the Act is most readily considered by its Revised Statutes sections. The remedy provided for infringement of copyrighted books (R.S. 4964) read:

"Sec. 4964. Every person who . . . shall sell or expose to sale any copy of such book, shall forfeit every copy thereof to such proprietor, and shall also forfeit and pay such damages as may be recovered in a civil action by such proprietor in any court of competent jurisdiction."

By R.S. 4965 the remedy for infringement of a copyrighted map, chart, musical, composition, print, engraving, chromo, painting, drawing, statuary, or model intended to be perfected and executed as a work of the fine arts, read:

"Sec. 4965. If any person . . . shall sell or expose to sale any copy of such map or other article as aforesaid,

he shall forfeit to the proprietor the plates on which the same shall be copied and every sheet thereof, either copied or printed, *and shall further forfeit One dollar for every sheet* of the same found in his possession, either printed, copied, published, imported or exposed for sale; *and in the case of a painting, statue, or statu-ary, he shall forfeit Ten dollars for every copy of the same in his possession, or by him sold or exposed for sale; one-half thereof to the proprietor and the other half to the use of the United States . . .* Provided further, That in case of any such infringement of the copy-right of a painting, drawing, statue, engraving, etching, print, or model or design for a work of fine arts of a photograph of a work of the fine arts, the sum to be recovered in any action brought through the provisions of this section shall be not less than two hundred and fifty dollars, and not more than ten thousand dollars. *One-half of all the foregoing penalties shall go to the proprietors of the copyright and the other half to the use of the United States."*

R.S. 4966 provided a remedy for unauthorized public performance of a copyrighted dramatic composition:

"Sec. 4966. Every person who shall print or pub-resenting any dramatic or musical composition for which a copyright has been obtained, without the consent of the proprietor of said dramatic or musical composition, or his heirs or assigns, shall be liable for damages therefor, such damages in all cases to be assessed at such sum, not less than one hundred dollars for the first and fifty dollars for every subsequent performance, as to the court shall appear to be just."

This Section continued the statutory damages of the Act of August 18, 1856 (above), and is the Section construed by this Court in *Brady v. Daly* (above).

R.S. 4967 provided for unauthorized printing of a manuscript and read:

“Sec. 4967. Every person who shall print or publish any manuscript whatever without the consent of the author or proprietor first obtained, shall be liable to the author or proprietor for all damages occasioned by such injury.” (26 Stat. at Large, 1109.)

By R.S. 4970 all actions under the Copyright laws were made cognizable in equity as well as at law, and the courts were given power in a bill in equity, to grant injunctions.

R.S. 4964 for books provided both a penalty of forfeiture of the infringing copies, and *actual damages*. In the United States actions for damages in copyright cases were not allowed as in England, unless specifically authorized by statute. In addition, damages could not be recovered in equity, the Statutes not having enlarged the equitable jurisdiction in copyright cases, as they had in patent cases. See:

Social Register Assn. v. Murphy, 129 F. 148 (C.C.D. R.I. 1904).

Chapman v. Ferry, 12 F. 693 at 695-6 (C.C.D. Oreg. 1882).

Fishel v. Lueckel, 53 F. 499 (C.C.D. N.Y. 1892).

But in *West Publishing Co. v. Edward Thompson Co.*, 176 F. 833 at 839 (C.C.A. 2, 1910) the Court allowed plaintiff to recover his damages under the analogy of the patent statute (R.S. 4921).

The remedies provided under R.S. 4965, however, were penal, and were held not to permit recovery of damages. Thus in *Globe Newspaper Co. v. Walker*, 210 U.S. 356 (1907) an action to recover damages for infringement of copyrighted maps was dismissed. Mr. Justice Day said as to R.S. 4965 (p. 365):

“The Copyright Statute indicates that the purpose of Congress was not only to create the rights granted in the statute, but also to create the specific remedies by which alone such rights may be enforced.”

This Court further said (p. 364):

“... the American Copyright act does give special remedies to the owner of a copyright of maps. Inadequate it may be to fully protect the property in the copyright, yet (it is) such as Congress has seen fit to give, and which it, not the courts, has power to enlarge by amendment of the statutes.”

In *Bolles v. Outing Company*, 175 U.S. 262 (1899) this Court held that R.S. 4965 as a penal statute was to be strictly construed, that the plaintiff could recover the penalties only for copies found in the defendant's possession, and could not recover for copies of prints already sold and circulated. Mr. Justice Brown said (p. 264):

“This is clearly a penal statute in that it fixes a single and arbitrary measure of recompense to the plaintiff, irrespective of the damages actually sustained by him, or of the profits realized by the defendant, and in the further provision that one-half of the amount recovered shall be to the use of the United States. It makes no pretence of awarding damages, and simply imposes a forfeiture of a specified sum. In this respect

it differs wholly from the following section (4966) recently considered by us in *Brady v. Daly* (175 U.S. 148)."

See also:

Thornton v. Schreiber, 124 U.S. 612 (1887).

Ohman v. City of New York, 168 F. 953 at 958 (C.C.S.D. N.Y. 1909).

On the other hand, the statutory damages provision of R.S. 4966 relating to dramatic compositions was held to be remedial, and not penal by this Court in *Brady v. Daly*, 175 U.S. 148 (1899) (above).

8. The Act of March 4, 1909 was a general revision of the Copyright Act of 1870, and is the Copyright Act involved in this suit. It has now been codified and enacted into positive law by the Act of July 30, 1947 (61 Stat. 652), under Title 17 United States Code, and Sec. 25(b) of the Act of March 4, 1909 has become Sec. 101(b) of Title 17 U.S. Code. Sec. 101(b) has been printed above (p. 8), so far as here material, and need not be repeated:

The Copyright Act of 1909 abandoned penalties and forfeitures entirely as remedies for infringement. It permits the plaintiff to recover in one action his *actual damages*, the defendant's *actual profits*, "or in lieu of actual damages and profits such damages as to the court shall appear to be just, . . . and such damages shall in no other case exceed the sum of \$5000, nor be less than the sum of \$250, and shall not be regarded as a penalty." In addition, Sec. 104 of Title 17, U.S. Code provides a criminal remedy, making willful infringement for profit a misdemeanor, punishable by a

fine of \$100 to \$1000, and imprisonment not exceeding one year.

It is apparent from the foregoing that there has been a clear distinction in the remedies provided for enforcement of the Copyright Laws in England and the United States from the beginning—between penalties and forfeitures, actions for the recovery of damages and of the infringer's profits, and statutory damages. Frequently they existed together in the same Act, as in the U. S. Act of 1870. Penalties and forfeitures were the first remedies provided. Then actual damages in some cases, and an injunction with recovery of defendant's profits in equity, and finally statutory damages, "in lieu of actual damages and profits". The forfeitures of books and money at a stated rate are, of course, penalties and strictly construed. The remedies for actual damages at law and for the defendant's profits in equity are, of course, remedial. Likewise the remedy for recovery of statutory damages is remedial. *Brady v. Daly*, 175 U.S. 148 at 154-7 (1899) is *conclusive on this point*. As Mr. Justice Peckham said in this case (p. 157), in speaking of the statutory damage provision in the English Statute of 3 and 4 William 4 c. 15:

"In *Chatterton v. Cave*, L.R. 3 App. Cas. 483, 492, the court in speaking of this provision for damages said that the same 'was no doubt fixed, *because of the difficulty of proving with definiteness what amount of actual damage had been sustained by perhaps a single performance at a provincial theater of a work belonging to a plaintiff*, while at the same time his work might be seriously depreciated if he did not establish his right as against all those who infringed upon it.' This does not look as if that statute were regarded by the English courts as one of a penal nature, but, on the con-

trary, as one of a remedial kind providing for the recovery of the damages sustained by the plaintiff, and providing for the recovery of a minimum sum for the reason, as stated by the court, of the difficulty of proving with definiteness in all cases the amount of damages which plaintiff really had suffered."

And see also, *Adams v. Batly*, 18 QBD 625 at 628 and 629-630 (1887) (*supra*).

D. *The Legislative History of Sec. 101(b) of Title 17, U.S. Code.*

The defects and limitations of the previous Copyright Act of 1870 (Revised Statutes 4956-4971) as pointed out above, and the statutory damages provision of R.S. 4966 and the decision of this Court in *Brady v. Daly* were obviously very much in the minds of the draftsmen of the copyright legislation which became the Copyright Act of March 4, 1909, now in force. However, R.S. 4966 had provided merely a *minimum* for the statutory damages which could be awarded, for infringement of dramatic compositions—\$100. for the first performance and \$50. for each subsequent performance. The penalties and forfeitures of the Copyright Act of 1870 were obviously inadequate. Recovery of actual damages was allowed only in the case of books and manuscripts. Recovery of defendant's actual profits was allowed as incident to an injunction. But if actual damages and profits were difficult or impossible to prove, there could be no recovery. And statutory damages were limited to dramatic compositions.

The old law was singularly ineffective in providing any substantial remedy to prevent infringement. The court

was obliged to award merely nominal damages* and the plaintiff had to go to large expense in many cases for legal services. Complaints and criticisms of the ineffectiveness of the old law were many.

The Print Publishers of America addressed a memorandum to the Joint Committees on Patents which appears in the publication "Arguments Before the Committees on Patents in the Senate and House of Representatives Conjointly. On the Bills S. 6330 and H.R. 19853 to Amend and Consolidate the Acts Respecting Copyrights, December 7, 8, 9, 10 and 11, 1906," which reads in part as follows (p. 106):

"Under the present law it is notorious that there are no effective remedies for piracy in 90 percent of the cases that arise. In our domain recoveries are so rare that general contempt of the law exists . . . The impunity with which the present law can be violated has encouraged infringements in this country to such an extent that many of the infringers have come to look upon their appropriations as vested rights. Naturally they are disturbed when effective remedies are proposed.

"Nor should we leave this session without sug-

* The rule of the common law that actual damages must be proved and, if unable to be proved, nominal damages only could be awarded is illustrated in—

Coupe v. Royer, 155 U.S. 565

Birdsall v. Coolidge, 93 U.S. 64

Rude v. Westcott, 130 U.S. 152

Dobson v. Hartford Carpet Co., 114 U.S. 439

and in copyright cases, see:

Gilmore v. Anderson, 42 F.267 (C.C.S. D.N.Y. 1890)

D'Ole v. Kansas City Star Co., 94 F. 840 at 841 (C.C.W.D.Mo. 1899).

gesting a most important point. The very nature of copyright property is such that many cases arise in which it is impossible to adequately measure the damages. . . . The difficulty of proving with definiteness actual pecuniary damages sustained has been recognized and *Congress has frequently provided statutory rates of compensation*. This has been approved by the Supreme Court (see *Brady v. Daly*, 175 U.S. 148.)”

As a result of the widespread criticism, the Copyright Act, and particularly the section relating to damages, was revised throughout by committees of persons interested in the protection of literary property, under the direction of the Librarian of Congress. The common-law rule as to the recovery of *actual* damages was retained, and *actual profits* was added, but, “*in lieu of actual damages and profits*,” the Court was given the discretion to award “such damages as to the court shall appear to be just,” within certain limits, and at an enumerated rate per infringing copy or performance. And it was expressly provided that these statutory damages shall not be construed as a *penalty*.

Arthur Steuart, Esq., of the Baltimore Bar, Chairman of the Advisory Committee from the American Bar Association, who was a member of the Committee which drafted S. 6330, discussed the various provisions of the proposed Copyright Law in hearings before the Joint Committees on Patents of the Senate and House in 1906. (S. 6330, re-introduced in the Senate in 1909 as S. 9440, became with minor changes the present Copyright Act of March 4, 1909.) His remarks can be found in “Arguments Before the Committees on Patents . . .” (*supra*). Mr. Steuart said as to section 23, now Section 25:

(Page 176:) "The language of the Section 'In lieu of actual damages and profits, such damages as to the court shall appear just.' would appear to put into the court the absolute right where it was an equity case, to decide what should be allowed in the way of liquidated damages, subject of course, to the limitations that it must not be less than \$250 nor more than \$5000, and that the amount which the court should determine should be decided by a computation of so much per copy according to the number of copies found . . ."

(Page 177:) "... It does seem to me very desirable that in this section in which we are trying to preserve the discretion of the court, the independent judgment of the court, we are trying to give to the court the power to assess liquidated damages, which will not be penal and will not be fixed. The court ought to have absolute discretion as to how much will be allowed as liquidated damages, in order that we may avoid all possible danger of creating a penal provision for the punishment of this kind of infringement. It seems to me that the words as they are used in the dramatic section, (R.S. 4966) 'such damages as appear to the court just' will certainly preserve the discretion of the court and give to the court the entire control over the whole question in a way that will avoid any possible danger of the act being construed to be penal."

E. The Proper Construction of Sec. 101(b), As Intended by Congress.

The Act of March 4, 1909 abandoned penalties and forfeitures entirely and adopted the remedies of recovery of actual damages and actual profits, but in addition and as an alternative remedy, extended the recovery of statutory

damages to all types of copyrighted works and gave the trial court the right to award statutory damages, ranging from a minimum of \$250. to a maximum of \$5000, at varying rates for each type of copyrighted work. But the copyright owner can still recover his actual damages and the defendant's actual profits, if he can prove them, but if not and "in lieu thereof" he can recover statutory damages within the amounts above stated which may be awarded by the court. As pointed out above, the reason for permitting the award of statutory damages was the difficulty of proving actual damages or the defendant's actual profits with the certainty required by law, and which actual damages and profits in many cases would be inadequate to prevent willful infringement.

But the two remedies of recovery of actual damages and actual profits, or statutory damages are separate and distinct. If the plaintiff can prove his actual damages and defendant's actual profits he is entitled to recover them. If it is difficult to prove them or they are inadequate, the trial court in its discretion can award statutory damages within the amount stated. *The right to award statutory damages is in no way dependent upon the fact that there might have been some actual damages or actual profits which the plaintiff might have recovered.* The two remedies are entirely independent, and alternative. The Court can award one or the other; it cannot award both.

But where the actual damages or actual profits are less than \$250. we respectfully submit that it is plain that the trial court should award at least the minimum of \$250. statutory damages, because any amount less than that was plainly regarded by Congress as inadequate damages for copyright infringement — just as in the English Act of 1833 (3 and 4 William 4, c. 15) "whichever shall be the greater damages to the author." This is of course the

standard practice in cases involving infringement of musical copyright—*Jewel LaSalle Realty Co. v. Buck*, 283 U.S. 202, 207-8.

It is plain from the foregoing that the intent of Congress was "to give the owner of a copyright some recompense for injury done him, in a case *where the rules of law render difficult or impossible proof of damages or discovery of profits*", as Mr. Justice Roberts said in *Douglas v. Cunningham*, 294 U.S. 207 at 209. The District Courts regularly and properly award statutory damages, in the manner intended by Congress, *even though some actual damages or actual profits may be ascertainable*, where they are so small and inadequate that they do not provide an effective remedy to prevent willful and flagrant piracy.

Widenski v. Shapiro, Bernstein & Co., 147 F. (2d) 909 (C.C.A. 1, 1945), where \$10. monthly and \$90. yearly was plaintiff's established license fee, and *Johns & Johns Printing Co. v. Paull-Pioneer Music Corp.*, 102 F. (2d) 282 (C.C.A. 8, 1939), where defendant admitted actual net profit of \$5.10—are sufficient evidence of this. Obviously in such situations, if the District Court cannot award such statutory damages "as to the Court shall appear to be just" within the limits stated, the effectiveness of the Copyright Act is destroyed and it is reduced to its state of impotency prior to 1909 when unscrupulous persons could infringe copyrights with impunity.

The discretion of course lies with the District Court whether to award statutory damages "in lieu" of actual damages and profits of \$250. up to \$5000. As Judge Booth said in *Fargo Mercantile Co. v. Brechet & Richter Co.*, 295 F. 823 (C.C.A. 8, 1924) at 829:

"We think election to award what are known as statutory damages in lieu of actual damages *rests with the court, and that it is for the court to decide what kind of damages best fits the case.* Exercising the authority given by the statute (Sec. 25(b) the court awarded statutory damages. The practice is well established. *Westermann v. Dispatch Co.*, 249 U.S. 100; *No-Leak-O-Piston Ring Co. v. Norris*, 277 F. 951 (C.C.A. 4, 1921)"

In failing or waiving his right to prove actual damages and profits, (*General Drafting Co. v. Andrews*, 37 F. 2d. 54 at 57 (C.C.A. 2, 1930) the plaintiff, of course, takes his chances on the amount of statutory damages the District Court will award in its discretion between the minimum of \$250. and the maximum of \$5000. In any event, if he proves infringement, he is entitled to the minimum statutory damages of \$250. *L. A. Westermann Co. v. Dispatch Printing Co.*, 249 U.S. 100 at 106-107 (1919); *Jewell-LaSalle Realty Co. v. Buck*, 283 U.S. 202 at 207-8 (1931). But neither can the defendant control the court's discretion and prevent it from awarding statutory damages, by admitting small actual profits which it would be willing to pay—as the defendant sought to do in admitting \$5.10 actual profit in *Johns & Johns Printing Co. v. Paull-Pioneer Music Corp.*, 112 F. 2d. 282 at 283-4 (C.C.A. 8, 1939), and as the Petitioner is trying to do here. Presumably, for instance, the Petitioner here is willing to pay some 2% of its gross profits of \$899.16, or \$17.98. In the present case the Petitioner of course did not prove its *actual* net profits, after deducting selling expenses,—but if it had, or it admits a small amount of actual net profits which it would be willing to pay—it still cannot prevent the District Court in its discretion from awarding such statutory damages "in lieu"

thereof as "shall appear to be just". Unless Section 101(b) is thus construed as Congress intended, its purpose is defeated, and "the ineffectiveness of the remedy" will again certainly encourage "wilful and deliberate infringement" as this Court pointed out in *Douglas v. Cunningham, supra*.

Allowing the District Court the full discretion whether to award actual damages and profits, or in lieu thereof such statutory damages "as to the court shall appear to be just" within the limits stated, as Congress intended, automatically takes care of the easy case where the infringement was innocent, accidental, or trifling, and the hard case where actual damages were heavy but difficult to prove, and the infringement is deliberate, willful and tainted with perjury and fraud, as in the case at bar. As Mr. Justice Van Devanter said in *Westermann Co. v. Dispatch Printing Co.*, 249 U.S. 100 at 106:

"In other words the court's conception of what is just in the particular case, considering the nature of the copyright, the circumstances of the infringement and the like, is made the measure of the damages to be paid,"

and as Judge Knapp said in *Campbell v. Wireback*, 269 F. 372 at 376 (C.C.A. 4, 1920) in affirming an award of \$5000. statutory damages:

"The case is an aggravated one in many ways, and the damages inflicted by the unconscionable conduct of defendants are properly measured, as the quoted decision holds, by 'the Court's conception of what is just'—

We submit that there can be no question whatever as to the power of the District Court to award statutory dam-

ages of \$5000. in the circumstances of this case. If Petitioner believes Sec. 101(b) should be changed, its remedy lies with Congress. As Mr. Justice Brandeis said in *Jewell-La Salle Realty Co. v. Buck* (*supra*) (p. 207-8):

"If, as applied to musical compositions, the provisions of the entire section are proved unreasonable, the remedy lies with Congress.

But we respectfully submit that the facts of the present case do not present a very appealing argument to Congress for changing the law, nor to this Court for destroying the effectiveness of the Copyright Act by construing Sec. 101(b) in the manner contended by Petitioner.

To those who would contend that the award of statutory damages between \$250. and \$5000. is unreasonable we respectfully point out that Congress regarded these amounts as reasonable in 1909. The Court will undoubtedly take judicial notice of the fact that since 1909 there has been a vast inflation, and decline in the purchasing power of the dollar. According to official Department of Labor statistics, the "Cost of Living Index" since 1913, the earliest year for which statistics are available, to 1951 has arisen 2.9 times, and with increased taxation, \$22,650 is now required to equal the purchasing power of \$5000. in 1909.

III. PETITIONER'S CASES DISTINGUISHED

Sec. 101(b), of course, gives the copyright proprietor the right to recover *actual* damages and *actual* profits, if he can prove them with the certainty required by law. Thus, as in any case where a plaintiff is given a choice of remedies, he is entitled to elect his remedy, and in a copyright case, under Sec. 101(b), he may expressly recover

actual damages and profits, if he can prove them, and in that situation is not required to accept statutory damages from \$250. to \$5000., which might be awarded by the Court. Obviously in such a situation, where the plaintiff plainly seeks to recover his actual damages and defendant's actual profits, and waives his right to recover statutory damages, the "in lieu" clause of Sec. 101(b) is not involved. Thus the cases relied on by Petitioner are clearly distinguishable on their facts. There is nothing in the Court of Appeals decision below which conflicts with the cases relied on by Petitioner, (with the one exception noted below). They are all distinguishable on their facts..

In *Sheldon v. Metro-Golwyn Pictures Corp.*, 309 U.S. 390 (1940), the plaintiff was plainly seeking to recover and had proved defendant's *actual profits* of some \$587,000, and had expressly waived his right to statutory damages of \$5000 'in lieu' thereof. Chief Justice Hughes therefore correctly said (p. 399):

"We agree with petitioners that the 'in lieu' clause is not applicable here, as the profits have been proved and the only question is as to apportionment."

Obviously the "in lieu" clause was not applicable in that case. The plaintiff had elected to recover defendant's *actual profits*, as Section 101(b) expressly permits.

In *Sammons v. Colonial Press, Inc.*, 126 F. (2d) 341 (C.C.A. 1, 1942), the plaintiff clearly sought to prove and recover the *actual profits* made by both Larkin, the publisher, and Colonial Press, the printer. The District Court found that Larkin had made some \$7200 profit, but that the printer had made none. The District Court gave judgment

for \$7236 against Larkin and \$250 statutory damages against the printer. On appeal the plaintiff expressly challenged the finding that Colonial Press had made no actual profit, and particularly the allowance of a deduction of \$2936 for "overhead expenses" (p. 348), and in addition sought to make the printer jointly liable for the profits made by Larkin, who apparently was judgment proof. The Court of Appeals affirmed, holding there was no joint liability for Larkin's profits, but remanded the case for further proofs as to the printer's profits, questioning the propriety of the deduction allowed for "overhead expenses" by the printer.

We submit that the case is properly distinguished on its facts. There the plaintiff had elected to recover defendant's *actual* profits, and not statutory damages—even on the appeal. If plaintiff's contentions were correct that the "overhead expenses" were improperly deducted in determining Colonial's profits, it was entitled to recover "actual profits" of \$2936 from Colonial. The plaintiff obviously *did not elect* to recover statutory damages, because the maximum award he could have obtained was \$2812 from both defendants—i.e., 2812 books at \$1 per copy (p. 344). And to recover such statutory damages the plaintiff would have had to surrender its judgment for \$7236 *actual* profits against Larkin. Obviously the facts are different in the present case, where plaintiff waived its right to actual damages and profits, and "in lieu" thereof was awarded statutory damages.

In *Universal Pictures Co. v. Harold Lloyd Corp.*, 162 F. (2d.) 354 (C.C.A. 9, 1947) suit was brought for infringement of a copyrighted motion picture photoplay. The plaintiff plainly sought actual damages and actual profits, and not statutory damages, the maximum amount of which could only have been \$5000. The District Court awarded

actual damages in the amount of \$40,000. and the Court of Appeals affirmed. Obviously, actual damages and profits having been proved there was no occasion for the award of statutory damages. As Judge Stephens said (p. 378):

"Award of statutory damages in the terms of the statute is proper only in the absence of proof of actual damages and profits. The court having found the extent of both, the point fails. The court awarded actual damages, holding the award on that basis as adequate without resorting to the use of statutory damages. We find no error in this course."

Davilla v. Brunswick-Balke Callender Co., 94 F. (2d) 567 (C.C.A. 2, 1938), was wrongly decided on its facts and is contrary to the decision of this Court in *Douglas v. Cunningham*, 294 U.S. 207. The decision of the District Court (Judge Leibell) in 19 F. Supp. 819 (at pp. 819-820) makes it clear that there was no proof of actual damage to the plaintiff, nor of actual profits by the defendant, that 5285 infringing records were sold and that the District Court made the award of \$5000 "as a statutory award of damages in lieu of actual damages and profits." The District Court could have found some *actual* profit, but "in lieu" thereof, and in its discretion, awarded statutory damages instead. At the rate of \$1 per infringing copy, the maximum award of \$5000 was plainly justified under the statute, and could not be reversed on appeal, under *Douglas v. Cunningham*,

We submit that the statement in Judge Manton's opinion (p. 570):

"Since the amount of sales was sufficiently proved, there was no basis for an award of statutory damages"—

was clearly wrong. *The amount of sales had to be proved to serve as the basis for awarding statutory damages at the rate of \$1 per infringing copy, just as in Douglas v. Cunningham.*

Again *Washingtonian Pub. Co. Inc. v. Pearson*, 140 F. (2d) 465 (C.A.D.C. 1944) is clearly distinguishable on its facts. There plaintiff sought to prove and recover the author's, publisher's and printer's *actual profits*. The District Court awarded plaintiff the apportioned actual profits and not statutory damages. Of course in that situation the plaintiff cannot complain that the District Court did not award statutory damages, because the statute (Sec. 101(b)) gives the District Court the complete discretion whether to award actual damages and profits *or* statutory damages.

In *Malsed v. Marshall Field Co.*, 96 F. Supp. 372 (D.C. W.D. Wash. N.D. 1951), the plaintiff proved no actual damages, but defendant's actual profits of \$100 were proved. But here the District Court (Judge Yankwich) in its discretion gave judgment to the plaintiff for \$100 defendant's actual profits, obviously because the infringement was innocent and accidental. But when an infringement is willful, and actual damages and profits recoverable are less than \$250. we submit that the court properly should award damages of \$250—as in *Widenski v. Shapiro, Bernstein Co.* (*supra*, C.C.A. 1, 1945)—or \$500 for 500 infringing labels at \$1 per label.

We respectfully submit, therefore, that the above cases relied on by appellant in support of its position are clearly distinguishable on their facts with the exception of the *Davilla* case, which is contrary to the decision of this Court in *Douglas v. Cunningham*.

IV. REQUEST FOR ADDITIONAL ATTORNEY'S FEES TO RECOVER THE EXPENSE ON THIS PETITION.

The attorney's fee of \$2000 ordered by the district judge as compensation to the plaintiff for the expense incurred in bringing this action included only the work that had been done in the case in the District Court. The defendant appealed, requiring considerably more legal service to be performed on behalf of the plaintiff. The Court of Appeals awarded an additional attorney's fee of \$500. Now the defendant has taken the case to this Court. We submit that it is unjust for the petitioner to cause such additional legal expense when the plaintiff's cause of action is admittedly just and the defendant has no defense whatever. Section 40 of the Copyright Act empowers the Court of Appeals to award an additional reasonable attorney's fee to compensate the respondent for the expense of this petition. See *General Drafting Co. Inc. v. Andrews*, 37 F. (2d) 54, at 57 (C.C.A. 2, 1930), and *Hartfield v. Peterson*, 91 F. (2d) 998, at 1001 (C.C.A. 2, 1937).

Respondent hereby respectfully petitions this Court for an award of such additional sum as a reasonable attorney's fee as will compensate the respondent for the legal expenses incurred by it in this Court.

V. CONCLUSION.

The present Copyright Law, and particularly Section 101(b), is the fruit of more than one hundred years' experience in endeavoring to protect the author, composer, artist and sculptor, and his property in his creations. The provisions of Section 101(b) represent the accumulated wisdom of years in providing an effective remedy for the owner

of literary and artistic property against the depredations of the commercial pirate. In the forty-three years the present Copyright Law has been in existence it has worked remarkably well, and the keystone of the structure has been Section 101(b). In Section 101(b) Congress has given the District Court complete discretion to award, in lieu of actual damages and profits, such damages as to the Court shall appear to be just, within the limits of \$250 and \$5000. It is of the utmost importance to the effective administration of the Copyright Law that this discretionary power to award statutory damages be preserved. Otherwise the Copyright Law will collapse for lack of an effective remedy, and will be reduced to its state of impotence prior to 1909, when unscrupulous persons could infringe with impunity.

Petitioner asks the Court to destroy the effectiveness of the Copyright Act by adopting the construction of Sec. 101(b) for which it contends. We have pointed out above that such construction is contrary to the express language of the statute itself, the decisions of this Court, the history of Copyright legislation in England and the United States relating to remedies for enforcement, and the legislative history of Sec. 101(b). Copyrights have always been liberally and favorably construed in this and other courts to protect the author, composer, artist and sculptor. The reasons are obvious. It is wholly unnecessary and inexcusable to infringe a copyright. It is of course elementary that a copyright is not a monopoly—any more than a man's house, his horse, his automobile. Others are free to build houses, acquire horses or automobiles of their own. But they cannot steal property which someone else has created. LePere Pottery here could make its own Cocker Spaniel in Show Position, but it could not steal respondent's copyrighted work, as it has done. A copyright is intellectual property and it is protected like any other kind of personal

property—not because it is a monopoly but because it is the product of a man's mind and labor. As Drone in his well-known treatise on *The Law of Property in Intellectual Productions* (Little Brown & Co., Boston 1879 states: (p. 4)

“The principle is as old as property itself, that what a man creates by his own labor, out of his own materials, is his to enjoy to the exclusion of all others.”

The power of the District Court to award the statutory damages of \$5000 in the case of an infringement and sale of infringing copies of the nature and number here shown, under Section 101(b) of the Copyright Act, is unquestionable. The evidence clearly justified the damages awarded and on the facts and as a matter of law we submit there can be no abuse of the District Court's discretion in awarding them. The District Court, sitting as a Court of Equity, and as trier of the facts, in the exercise of its sound discretion awarded the statutory damages it believed just. The action of the District Court was clearly within the law. The Court of Appeals has affirmed the judgment of the District Court. We respectfully submit the judgment of the Court of Appeals should be affirmed.

Respectfully submitted,

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November 10, 1952.

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